

**MINUTES**  
*Of the*  
**SANTA BARBARA METROPOLITAN TRANSIT DISTRICT**  
**BOARD OF DIRECTORS MEETING**

**DATE:** May 25, 2004

**PLACE:** 550 Olive Street, Santa Barbara, CA 93101

**MEMBERS PRESENT:** Directors Brian Fahnestock, Olivia Rodriguez, Lee Moldaver, Dave Davis and Interim General Manager Sherrie Fisher

**MEMBERS ABSENT:** Chair John Britton

**OTHERS PRESENT:** Rafaela Cornejo (Pueblo), Petra Lowen (ILRC), Miguel Herezde, Harley Augustino (Pueblo), Corina Garcia (Pueblo/ASUCSB), Dan Secord (City of SB), Josh Molina (SB News Press), D. Littlejohn, Browning Allen (City of SB),

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1. **Call to Order**  
Acting-Chair Olivia Rodriguez called the meeting to order at 8:30 a.m.
2. **Roll Call of the Board of Directors**  
Acting-Chair Rodriguez noted that all Board members were present except Chair Britton.
3. **Report Regarding Posting of Agenda**  
Interim General Manager Sherrie Fisher reported that the agenda for this meeting was posted at the MTD administrative headquarters, and on the MTD Website, last week and mailed to media of general circulation.
4. **Approval of Prior Minutes (action item)**  
Acting-Chair Rodriguez announced the board was asked to waive the reading of, and approve the minutes, on the statement that, "most able-bodied riders are willing to walk up to ½ mile of a bus stop." Planning Manager Steve Maas noted that the distance is actually ¼ mile. Acting-Chair Rodriguez asked that the minutes be amended to reflect this change. The **motion passed** with three for and one abstention.
5. **Cash Report (action item)**  
Director Lee Moldaver moved to accept the Cash report for May 4, through May 17, 2004. Director Fahnestock seconded the motion.
  - Director Fahnestock noted that MTD's reserves are reduced to about 1 million. He asked if cash flow projections for next year would be positive. Assistant General Manager/Controller Jerry Estrada responded that cash flow will be negative next year and likely MTD may need to borrow money. This will be the first time MTD has to borrow for cash flow purposes.The **motion passed** unanimously.
6. **Public Comment**  
There was no public comment for items that are not scheduled for this public Board meeting.
7. **Public Hearing regarding proposed Fall Route and Schedule Changes-continuation (action item)**  
Planning Manager Steve Maas discussed two outstanding items re Fall routes and schedule changes:
  - New Years Day Service – Rider ship on New Years Day 2004 was 5,363 passenger trips or 51.1% of the rider ship for a typical Sunday. The five-year average for this holiday is 4,800 passenger trips. The staff continues to recommend the elimination of New Years Day service.
  - Westside Community Center (WCC) Service – Mr. Maas provided information regarding options to deviate the line #3 to serve WCC. Both of result loss of passenger service for current riders on

line #3. MTD staff, Rachel Grossman and David Damiano, surveyed participants of the noon meal program at the WCC. Based on analysis, a change might result in 2.5 passenger trips per week or 130 passenger trips per year while regular rider ship would be expected to decline by 3,100 passenger trips. The staff does not recommend a change in the Line 3 service to directly serve the WCC, however does propose more individualized marketing be done with the WCC clients.

- Director Moldaver reminded the board that human nature and statistical tables differ when potential riders are financially dependent on lunch programs and transit services.
- Acting-Chair Rodriguez complimented staff on the analysis. She noted that loss of rider ship, loss of critically important parking spaces and developing an ADA-compliant bus stop do not seem feasible due to MTD's budget, but that a marketing campaign can help.
- Director Davis also thanked staff and appreciates the review of this service.
- Harley Augustino (Pueblo) agrees with staff's recommendation, though he favors transit to community centers in general. Regarding New Year's Day, Mr. Augustino noted that passengers would have no options if the holiday service were eliminated. He asked the Board to consider the human factor and needs of working residents as well as the tourists. Mr. Augustino also noted that he has been seeking increased transit funding for MTD so that more service can be provided.
- Director Fahnestock noted that statistics maximize, not minimize, the human factor of transit and prove where service is most needed, resulting in increased rider ship. He asked that services to community centers and holiday services be evaluated for the future.

Director Fahnestock moved to accept the staff recommendation to maintain the current Line 3 service and routing. Director Moldaver seconded the motion. The **motion passed unanimously**.

Director Fahnestock moved to accept the staff recommendation to eliminate New Years Day service. Director Moldaver seconded the motion.

- Director Davis stated that while he has financial concerns, he believes in the importance of the human factor and would not support the motion. He asked MTD to promote and continue this holiday service for one more year.
- Director Moldaver reminded the Board of the cash report and need to borrow funds. He stated his belief that six months advance notice is reasonable to make other work or transportation arrangements. The cost of this holiday service does not meet MTD's financial parameters. He supports staff's recommendation.
- Acting-Chair Rodriguez expressed concern for the transit dependent and prefers this holiday service operate for one more year with increased marketing efforts.

The **motion failed**, with two for and two against.

#### 8. **Downtown Waterfront Shuttle Schedule (action item)**

Interim General Manager, Sherrie Fisher recommended that the FY05 Downtown-Waterfront service schedule include the elimination of the 8-9am early morning services on State Street and along the waterfront from Stearns Wharf to the Zoo and extension of the late night Friday and Saturday service from 9pm to 10pm during the summer months. Ms. Fisher noted that these schedule changes are within the 15,088 contracted hours with the City of Santa Barbara for FY05. Further, the Downtown Organization, City of Santa Barbara Transportation and Circulation Committee, and City of Santa Barbara staff all supports the recommended schedule.

Director Fahnestock moved to accept staff's recommendation for the FY05 Downtown-Waterfront Electric Shuttle schedule. Director Moldaver seconded the motion. Harley Augustino (Pueblo) noted that the 30-day Passport is not valid on the DWE.

The **motion passed unanimously**.

#### 9. **Proposed Budget for Fiscal Year 04-05**

Interim General Manager Sherrie Fisher opened this item, noting that the budget about to be presented makes the following assumptions:

- The regular, full-time General Manager salary is assumed to be unchanged from current and no relocation funds have been placed into the proposed budget.
- Five open staff positions have been unfunded.
- The South Coast Transit Plan routes are not in the budget or projections.
- Service hours will remain the same as the current fiscal year.
- Properties (Calle Real & Overpass facility) represent costs rather than income in this fiscally year.
- Increased costs associated with Worker's Compensation and fuel.
- AGM/Controller Jerry Estrada, reviewed the budget with board members noting the key points of the executive summary on page 23. By 9% due to the new fare structure (FY02/03 saw a 2.9% increase).
- Of note is the fact that historically 50% of all capital costs are covered by TDA. Though federal grants are received by MTD and the local share is supposed to be 20%, it typically results in 50% local share due to inability to access grants for some capital needs. There is not enough TDA to offset the capital projects, resulting in a \$574,000 shortfall projected for FY04/05 and the need to take money from MTD's dwindling reserves. The percentage of TDA required for operation of the system has is projected to grow to 94.3% in FY09/10. This dangerously impacts MTD's reserves, projected to decrease by 57.2% during the same period.
- Without the new fare structure last October, all of TDA would have been used by 2010 and MTD's reserves would be minus \$2 million by 2010. MTD's financial stability is threatened by the fact that TDA subsidy is being stretched to cover existing service levels (i.e. operations), making less available for capital projects.
- MTD's reserves are inadequate to cover future capital needs.
- MTD needs to set aside \$1,300,000 each year starting in FY07 to cover projected bus and shuttle replacement needs.
- Decreased cash reserves will negatively impact operating cash flow requirements.
- MTD has recently adjusted its fare structure. This is the first step in a five-step model to achieve financial stability.
- MTD must begin step two, which is to implement cost containment measures.
- It is recommended that the MTD Board of Directors designate an Ad-hoc Financial Stability Committee to develop a plan to achieve steps three through five – create capital reserve, create operational reserve, and generate additional (and new sources) of operating revenue.

At this time Acting-Chair Rodriguez called for Board discussion:

- Director Davis commended Mr. Estrada stating that this budget is light years better than last year. He is impressed and pleased.
  - Director Fahnestock concurred and asked for a review of the cost breakdown of each fleet – buses and electric shuttles.
  - In response to a question, Mr. Estrada reminded the Board that the SBCC contract resulted in a 25% contracted fare increase due to the new fare structure.
  - The property tax is inaccurately represented as increasing 12%. Mr. Estrada will correct this.
  - This budget reflects more service, increased rider ship estimations, increased funds for service, and a decrease in overhead. He doesn't believe there is another agency that is increasing service and decreasing overhead and is very impressed.
  - It should be noted that although federal capital funding appears to only require a 20% local match from MTD the actual out of pocket averages 50%.
  - MTD's ability to replace items that are currently being used is decreasing at a significant rate.
  - The fare structure change implemented last October saves MTD's budget beyond 2007.
  - To summarize, Director Fahnestock sees this budget as better serving the majority of passengers through increased service where it is needed, lower overhead, and a fare increase that will sustain this agency down the road. MTD is doing well but with less money.
- Director Davis suggests that MTD's goal should include using its other capital assets to deal with future capital needs as well as seek other funding sources. He also asked:
  - In response to a question, Mr. Estrada explained that after the early implementation of the Cross-town shuttle ended (12-03) the City subsidy is now less.
  - He requested an explanatory page on the South Coast Transit Priorities. .

- He would like a more complete review of the eliminated staff positions.
- Director Moldaver concurred with Directors Davis' and Fahnestock's compliments of the staff. He stated this is a big step forward for MTD's budget process making it so easily available. He further noted:
  - By mid-2006 a template for the reauthorization of Measure D should be in place.
  - Director Moldaver questioned CMAQ (Congestion Mitigation Air Quality) funds now that this county is in attainment. He asked if MTD has a diminished ability to get CMAQ funding for diesel replacements? Mr. Estrada responded that CMAQ may be used for diesel replacement, but local scoring criteria would require change. This is imperative now that we are in a maintenance zone.
  - Director Moldaver asked that a narrative be included on the revenue potential of MTD's property assets through 2010.
- Director Fahnestock added that he agrees with General Manager Sherrie Fisher that the Maintenance Manager position should be funded as part of this budget.
- Harley Augustino (Pueblo) – He commended Mr. Estrada and MTD staff for creating an easier to digest document. He challenges the statement that raising fares was necessary. He believes alternatives like local subsidies and property assets are revenue sources as well. He asked MTD put together a program an outreach program to seek funding from the City of SB to benefit the entire transit system.
- Director Fahnestock again noted that his opinion that the fare increase saved the level of service.
- Director Davis clarified that he and Director Moldaver are on the outreach committee. He also noted that he using capital assets, such as MTD's property, for operations may be problematic.

Acting-Chair Rodriguez confirmed that **no action is being taken** on this agenda item until next meeting.

#### 10. **General Manager's Report**

Interim General Manager Fisher confirmed the next Board meeting for Wednesday, June 9<sup>th</sup> at 6pm. This change was made to better accommodate the public for the possible adoption of MTD's budget. This meeting replaces the regularly scheduled Tuesday, June 8 Board meeting. The following Board meeting will be Tuesday, June 22 at 8:30am. The next evening Board meeting will be on Tuesday, July 6, time to be determined. This July 6 meeting will recognize retiring veteran driver, Melvin Fountain.

Regarding Ms. Fisher's administrative report, Director Fahnestock asked for a future Board meeting agenda item regarding the feasibility of on-board cameras to deter vandalism and to revisit the policy regarding free/complimentary service as a marketing tool (i.e. military personnel, etc.) for service promotion.

The Board previewed a 30-second television commercial that will begin airing in June on KSBY channel 6, NBC-affiliate. Additionally, MTD will be featured in multiple upcoming :60-second news segments on Univision.

#### 11. **Other Business and Committee Reports**

The Finance Committee and the External Affairs Committees will be scheduling meetings to discuss the budget and upcoming SCTP respectively. Acting-Chair Rodriguez reported that the Ad-hoc committee for the Collective Bargaining Agreement continues to meet and the negotiations remain confidential at this time.

#### 12. **Adjournment**

Director Davis moved to adjourn. The motion was seconded by Director Fahnestock, which **passed unanimously**.